

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS 1
CANADA POST CORPORATION - UNITED STATES POSTAL
SERVICE BILATERAL AGREEMENT (MC2010-35)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2018-2

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

The United States Postal Service hereby provides its responses to Chairman's Information Request No. 1, issued on November 22, 2017. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorney:

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

1. Please refer to Attachment 1 of the Agreement. Notice, Attachment 2 at 13. Attachment 1 of the Agreement provides rates for International Business Reply Service (IBRS). *Id.* at 17. Please identify the specific cells in Excel file "NONPUBLIC Canada_Bilateral_MD.xls" that reflect IBRS costs and revenues. If Excel file "NONPUBLIC Canada_Bilateral_MD.xls" does not account for these costs and revenues, please file revised workpapers that include these costs and revenues or provide an explanation for their exclusion.

RESPONSE:

The Excel file does not account for costs and revenues for the bilateral agreement's International Business Reply Service (IBRS) because the IBRS rates established by this bilateral contract are solely those that the U.S. Postal Service (USPS) pays to Canada Post Corporation (CPC) as an expense related to items initially shipped northbound and then returned. This is reflected in Attachment 1 of the agreement that is the subject of this docket, which sets forth such IBRS rates and further states, "The rate USPS will be invoiced by CPC is according to the following schedule."¹ Note, too, that, in these respects, IBRS was similarly addressed in the bilateral agreement currently in effect between USPS and CPC that is the subject of Docket No. R2016-4, which the Commission reviewed and approved in 2015.²

¹ Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, Docket No. R2018-2, November 17, 2017, Attachment 2, at Attachment 1, at 5.

² *Compare* Notice of United States Postal Service of Filing Executed Agreement, Docket Nos. CP2016-57 and R2016-4, December 22, 2015, Attachment 2, at Attachment 1 Rates, at 5, as well as at Attachment 9 *with* Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, Docket No. R2018-2, November 17, 2017, Attachment 2, at Attachment 1 Rates, at 5, as well as at Attachment 7.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

2. Please refer to Attachment 1 of the Agreement. Notice, Attachment 2 at 13. Attachment 1 includes rates for certain inbound IPA ePacket Bags. *Id.* at 15. Please identify the specific cells in Excel file "NONPUBLIC Canada_Bilateral_MD.xls" that reflect the referenced product's volume and weight. If Excel file "NONPUBLIC Canada_Bilateral_MD.xls" does not account for this volume and weight, please file revised workpapers that include these data or provide an explanation for their exclusion.

RESPONSE:

The cells are shown in Tab 9, Row 20, Columns G-J, of Excel file "NONPUBLIC Canada_Bilateral_MD.xls (see also Columns E-F).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

3. Please refer to Article 9 of the Agreement and Attachment 5 of the Agreement. Notice, Attachment 2 at 3, 32. Please identify the specific cells in Excel file "NONPUBLIC Canada_Bilateral_MD.xls" that reflect the referenced inbound transportation costs. If Excel file "NONPUBLIC Canada_Bilateral_MD.xls" does not account for these costs, please file revised workpapers that include these costs or provide an explanation for their exclusion.

RESPONSE:

The cells are shown in Tab 15, Rows 15 & 19-22, Columns J & P, of Excel file "NONPUBLIC Canada_Bilateral_MD.xls. Note, too, that, in these respects, transportation costs were similarly addressed in the bilateral agreement currently in effect between USPS and CPC that the Commission reviewed and approved in 2015.³

³ Compare Notice of United States Postal Service of Filing Executed Agreement, Docket Nos. CP2016-57 and R2016-4, December 22, 2015, Attachment 2, at Attachment 5, as well as related financials at Excel file Tab 16, Columns J & P with Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, Docket No. R2018-2, November 17, 2017, Attachment 2, at Attachment 5, as well as related financials at Excel file Tab 15, Columns J & P.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

4. Please refer to Attachment 4 of the Agreement. Notice, Attachment 2 at 31.
- a. Please confirm that there are costs associated with the Postal Service's receipt of Electronic Advance Data (EAD) from Canada Post for inbound mail and the transmission of EAD to U.S. Customs and Border Protection or other U.S. agencies.
 - b. If confirmed, please identify the specific cells in Excel file "NONPUBLIC Canada_Bilateral_MD.xls" that reflect these costs. If Excel file "NONPUBLIC Canada_Bilateral_MD.xls" does not account for these costs, please file revised workpapers that include these costs or provide an explanation for their exclusion.
 - c. If not confirmed, please explain why there are no costs associated with the receipt of EAD from Canada Post and transmission of EAD to other U.S. agencies.

RESPONSE:

- a. Confirmed.
- b. These aggregate Electronic Advance Data (EAD) costs are de minimis, and they are incurred with respect to transmissions from all foreign postal operators that send such data. Separately identifying any data transmission costs only for certain mail streams from CPC is not feasible, though if it were, the Public Representative's inference in her Comments filed in this docket on November 27, 2017, that any unit costs would be negligible would be correct.⁴
- c. N/A.

⁴ Public Representative Comments on Postal Service Notice Concerning Rate Adjustment for Canada Post Negotiated Service Agreement, Docket No. R2018-2, November 27, 2017, at 5.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

5. Please refer to Article 28, paragraph (e) of the Agreement. Notice, Attachment 2 at 10. The Postal Service refers to Version 6.1 of an agreement titled "Agreement for the Electronic Exchange of Customs Data." *Id.* Please confirm that, pursuant to 39 U.S.C. § 407(d)(2), the Postal Service provided the Commission with a copy of the referenced agreement before the agreement's effective date. If not confirmed, please file a copy of the referenced agreement with the Commission.

RESPONSE:

The Postal Service filed a copy of the referenced agreement with the Commission on May 24, 2017.⁵ The referenced agreement was Attachment 13 to the letter that the Postal Service filed with the Commission on that date expressly pursuant to 39 U.S.C. § 407(d)(2). As the Postal Service explained in footnote 2 of that letter, the Postal Service initially concluded that such data sharing agreements were outside the scope of the "commercial or operational" agreements within the meaning of Section 407(d). In 2017, the Postal Service revisited its earlier conclusion, determined that those agreements should be treated as within the scope of Section 407(d), and therefore filed them with the Commission.

⁵ See Postal Service Filing of Data Sharing Agreements Pursuant to 39 U.S.C. Section 407(d)(2), Letter from Anthony Alverno, Chief Counsel, Global Business and Service Development, to Honorable Stacy Ruble, Secretary, Postal Regulatory Commission (filed with the Commission on May 24, 2017).